



The Nova Scotia Crop and Livestock Insurance Commission

2020-21 ANNUAL REPORT

 **CANADIAN
AGRICULTURAL
PARTNERSHIP**


NOVA SCOTIA

Canada 

His Honour
The Honourable Arthur J. LeBlanc, ONS, QC
Lieutenant-Governor of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2021.

I am, Your Honour
Yours very truly,



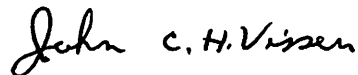
Greg Morrow, ECNS
Minister of Agriculture

The Honourable Greg Morrow
Minister of Agriculture

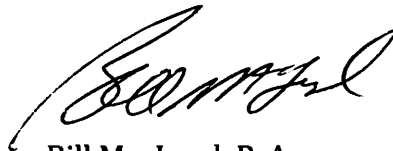
Dear Sir:

We have the honour to herewith submit the fifty-second Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2021. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission



John Vissers
Chair



Bill MacLeod, P. Ag.
CEO

Table of contents

2020-21 Commission Officers	5
Program Background	6
Objectives and Responsibilities	6
Financial Participation	6
Insurance Plans in Force	7
Features of the Crop Insurance Plans	8
2020-21 Summary	19
Performance Measures	22
Auditor's Report & Financial Statements	attached

Graphs

Fund Revenues	7
Number of Contracts by Year	8
Acres Insured by Year	9
Crop Risk by Year	12
Premiums and Claims by Year	14
Livestock Risk by Year	14

Tables

Statistical Summaries	10
Crop Insurance Plan Summaries	12
Operations Summary	13
Dairy Livestock Insurance Plan Summaries	15
Dairy Livestock Insurance Claim Summaries	16
Claim Summary Dairy Livestock Insurance Plan	16
Poultry Livestock Summaries	17
Poultry Livestock Insurance Plan Summaries	17
Wildlife Compensation Summaries 2008-09 to 2020-21	18
Wildlife Compensation Summaries	18
Estimate-Actual 2020-21	21
Core Business Area: Delivery of Insurance Products for Production Agriculture	22

2020-21 COMMISSION OFFICERS

COMMISSION MEMBERS BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumberland Co.

Rachel Cheverie, Vice Chair
Valley, Colchester Co.

Robert Prange
Wolfville, Kings Co.

John Vissers
MacKay Siding, Colchester Co.

R. Michael Walsh
Berwick, Kings Co.

Danny Davison
Falmouth, Hants Co.

PRINCIPAL OFFICERS:

B. MacLeod

- CEO

J. Putnam

- Secretary

H.D. Black

- Finance Officer

K.S. MacDonald

- Clerk

G. Thyssen & A. Parsons-Lushington

- Acting Supervisors, Field Services

A. Parsons-Lushington

- Research and Development Coordinator

D. Thibodeau

- Business Operations Analyst

AUDITOR:

Grant Thornton

SOLICITORS:

C. Thompson

FIELD STAFF:

A. Garnett

J.M. Peill

G. Thyssen

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978, to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act. Additional amendments were also made in 2005 and 2010.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture.

The Commission administers crop insurance coverage to 16 crop insurance plans and a dairy and poultry livestock insurance program.

Since 2008 the Commission has administered the Canada/Nova Scotia Wildlife Compensation Program.

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers insurance-based programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canadian Agricultural Partnership (CAP), a Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy. Crop and Livestock Insurance, in Nova Scotia, is delivered under the authority of the Crop and Livestock Insurance Act.

The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance and wildlife compensation. Administration expenses for other programs administered by the Commission are the responsibility of the Province.

For 2020-21, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs, 28 per cent of the crop insurance premium and 40 percent of wildlife compensation payments. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs and 60 percent of wildlife compensation payments.

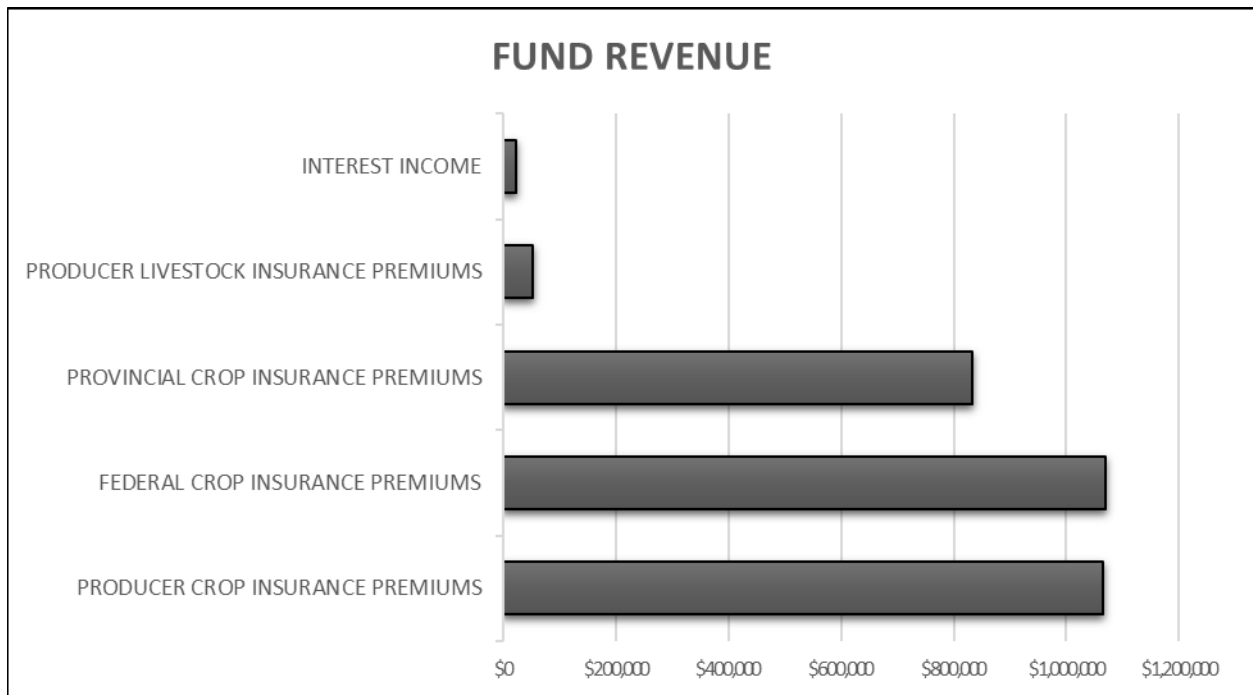


Fig.1: Total fund revenue for Nova Scotia Crop and Livestock Insurance Commission for 2020-21.

INSURANCE PLANS IN FORCE

- | | |
|---------------------------|---|
| Spring Grain | - oats, barley, wheat |
| Winter Grain | - rye, wheat, triticale |
| Tree Fruit | - apples, pears, peaches |
| Tree Insurance | - apples, pears |
| Corn | - silage, grain, high moisture |
| Blueberries | - lowbush and highbush blueberries |
| Strawberries | - June Bearing, Day Neutral |
| Raspberries | - |
| Forage | - establishment year |
| Soybeans | - soybeans, canola, sunflowers |
| Potatoes | - processing, seed, table |
| Vegetables | - processing carrots |
| Weather Derivative | - forage |
| Maple | - syrup |
| Grapes | - French hybrid, Vinifera, Labrusca |
| Acreage Loss (Vegetables) | - Beets, carrots, green onions, parsnips, radish, rutabaga, summer turnip, onions (yellow & red), broccoli, brussels sprouts, cabbage, cauliflower, celery, kale, lettuce, spinach, eggplant, field cucumbers, field tomatoes, melons, peppers, pumpkins, summer squash, zucchini, winter squash, fresh beans, early potatoes |
| Dairy | - dairy cows, heifers and calves; loss of income benefit |
| Poultry | - broilers, pullets, layers, breeders |

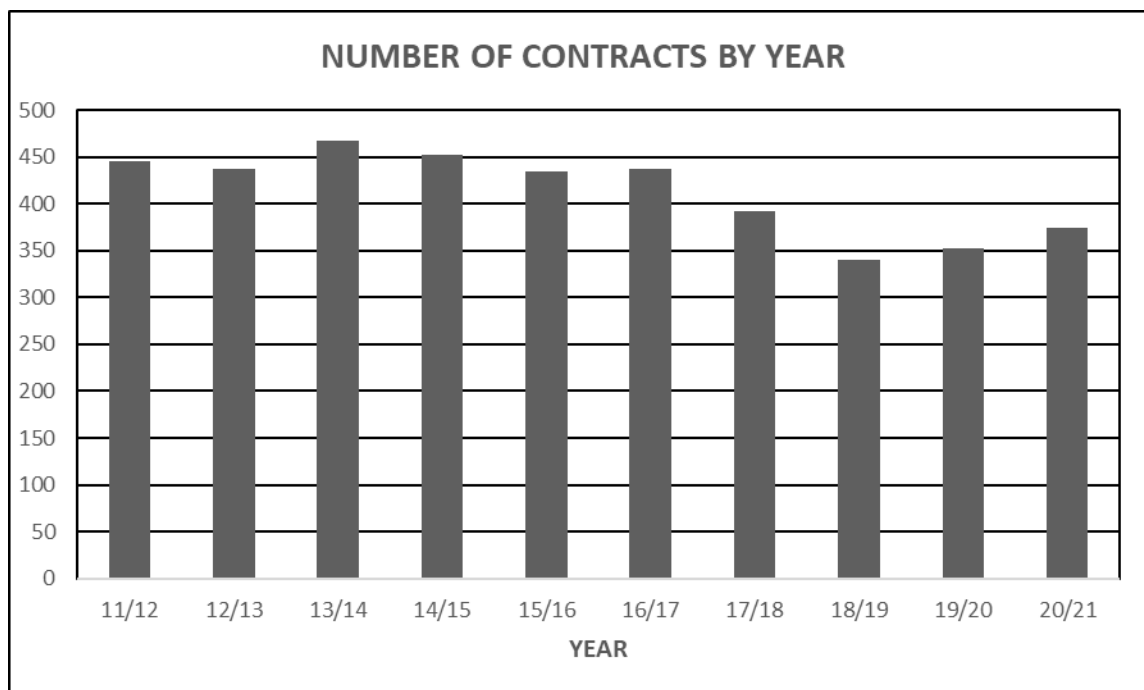


Fig. 2: Nova Scotia Crop and Livestock Insurance Commission contracts (2011-2021).

FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

For yield based plans, each insured crop is guaranteed a specific yield based upon the past yield records of each insured client. When no past records are available, a bench mark, either provincial or industry averages, is used.

For non-yield based plans (weather) the guarantee is based on other specific measurables such as total precipitation (or lack of) for a specified area which is known to result in a loss of crop production or quality. The acreage loss plan for vegetables provides a production guarantee based on the cost of producing an acre of crop.

Quality Guarantee

Quality losses are taken into consideration with certain plans such as tree fruit, corn, spring and winter grain, as well as weather.

Premium Discount/Surcharge

The total premium rate is adjusted...

By giving a discount when an insured's loss ratio (claims/premiums) over the last 5 year is less than that of the average producer; or by adding a surcharge when the insured's loss ratio (claims / premiums) over the last 5 years is more than that of the average producer.

Discounts from the calculation apply to both producer and government shares.

Blueberry Volume Discount

An additional discount will apply to the base rate if a producer manages 1000 or more acres in at least 3 counties, in a producing year.

Other Programs:

The Nova Scotia Crop and Livestock Insurance Commission administers a compensation program to Nova Scotia farmers for losses to specified crops or livestock as a direct result of the activities of specified wildlife. There is no requirement for producers to be enrolled in Crop Insurance to obtain a compensation payment. Claimants must be registered under the Nova Scotia Farm Registration System. The Province of Nova Scotia and the Government of Canada contribute 40% and 60% respectively for the cost for administration and compensation payments.

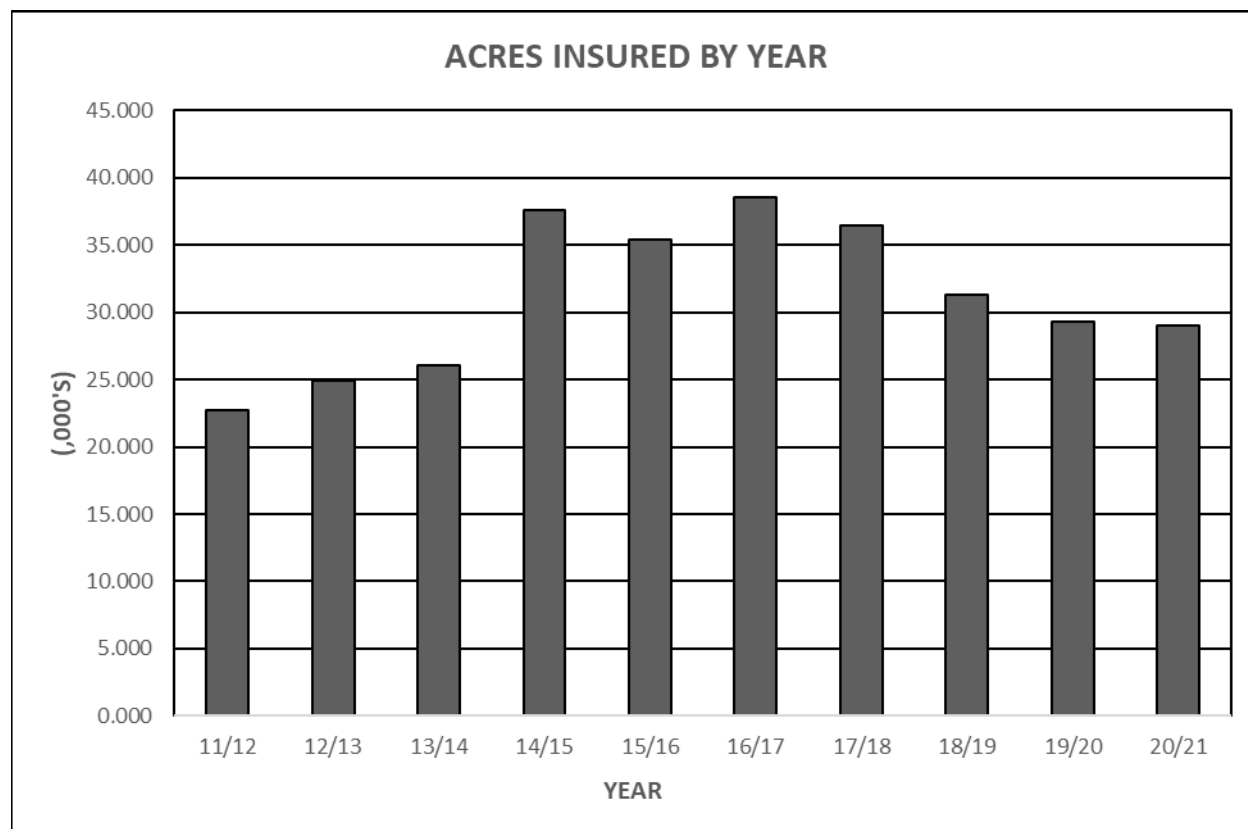


Fig.3: Number of acres insured by Nova Scotia Crop and Livestock Insurance Commission (2011-2021)

Table 1: *Annual statistical summaries of insurance plans (2020-2021)**

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE (\$)	TOTAL PREMIUM (\$)	TOTAL INDEMNITIES (\$)
Spring Grain	23	1,215.47	236,037.69	29,794.85	25,326.54
Tree Fruit	53	2,924.82	41,717,568.11	1,707,702.54	388,180.26
Forage Est. 2015	3	102.00	23,000.00	2,104.52	0
Corn	56	8,406.78	4,055,220.57	223,366.98	28,245.15
Blueberries	89	4,991.38	6,177,969.15	502,960.50	944,993.10
Strawberries	1	1.11	3,510.50	446.18	0
*Winter Grain 2020	11	599.95	202,266.66	23,027.91	12,843.76
Potato	1	78.10	114,790.95	14,704.72	0
Vegetables	4	129.90	246,311.24	20,295.81	32,513.61
Soybeans	26	2,657.99	1,014,271.25	61,361.23	65,726.82
Acreage Loss	12	622.06	1,918,093.50	182,218.00	109,235.25
Grapes	17	227.29	685,999.89	72,253.34	63,094.84
Weather Derivative	18	7,067.20	1,956,463.60	91,221.42	8,628.61
**Maple	7	138,650.00	380,236.00	32,577.03	37,851.00
Crop Summary	374	29,024.05	58,731,739.11	2,964,036.00	1,716,638.94
	Herds	Animals/Birds			
Loss Income (Dairy)	0	0	3,028,961.82	0	0
Livestock (Dairy)	75	14,739.00	23,330,600.00	28,844.86	8,000.00
Poultry	141	52,832.859.00	110,993,110.20	20,992.50	0
Livestock Summary	216	52,847,598.00	137,352,672.02	49,837.36	8,000
TOTALS	590	-	196,084,411.13	3,013,873.36	1,724,638.94
<p>*Winter grain claims reflect crop year 2020. **Number of taps (not included in the number of acres). ***Statistical summary may differ from those in the financial statements due to year end accrual processes.</p>					

Table 2: Summary of crop insurance plans (1969-70 to 2020-21 crop year inclusive)

PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	52	1852	1,986,259.58	2,133,433.71	1.07
Winter Grain	51	430	1,019,134.60	1,042,587.04	1.02
Tree Fruit	51	810	14,399,087.18	21,858,035.80	1.52
Tree Rider	36	35	566,410.85	265,462.45	0.47
Tobacco	26	21	767,809.39	561,296.33	0.73
Corn	50	737	3,835,193.86	3,283,833.27	0.86
Peas & Beans	33	629	3,140,338.94	3,315,484.65	1.06
Blueberries	48	1488	10,159,089.69	12,039,315.59	1.19
Strawberries	47	139	518,507.15	751,064.32	1.45
Forage Est.	43	156	115,079.57	97,548.62	0.85
Soybeans	35	158	936,241.14	851,544.83	0.91
Potatoes	31	41	1,360,726.37	2,282,301.36	1.68
Raspberries	7	4	1,429.44	3,216.60	2.25
Forage Prod.	4	1	16,983.20	4,551.38	0.27
Vegetables	21	66	1,688,872.19	2,656,872.99	1.57
Weather Derivative	14	102	1,722,107.96	1,308,056.18	0.76
Maple	11	13	258,191.31	294,678.00	1.14
Acreage Loss	5	37	601,185.59	565,951.21	0.94
Grape	5	19	200,346.79	188,217.14	0.94
TOTAL		6,738	\$43,292,994.80	\$53,503,451.47	1.24

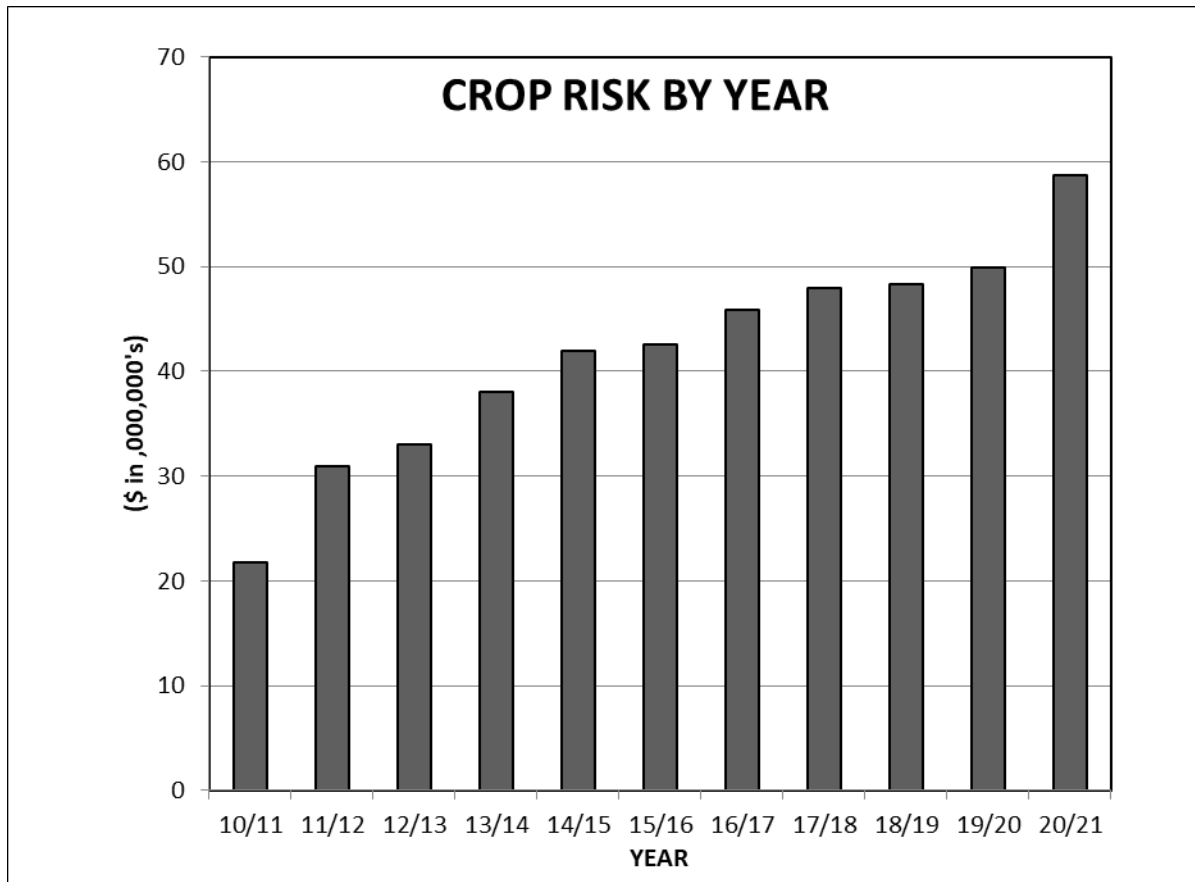


Fig 4: The value of crop risk by year (2010-2021)

Table 3: Operations summary of crop insurance years (1969-70 to 2020-2021 crop years inclusive)

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2020-2021	374	58,731,739.31	2,964,036.00	1,716,638.94	0.58
2019-2020	352	49,942,367.70	2,132,551.81	6,309,588.37	2.96
2018-2019	340	48,276,173.21	1,713,732.81	6,519,214.98	3.80
2017-2018	392	47,957,021.67	1,868,811.66	1,858,557.03	0.99
2016-2017	438	45,798,069.07	1,937,840.80	1,381,626.91	0.71
2015-2016	435	42,609,886.54	1,872,385.59	2,064,587.77	1.10
2014-2015	452	41,979,917.41	1,901,707.33	1,649,505.05	0.87
2013-2014	463	38,020,988.84	1,848,256.31	2,361,656.41	1.28
2012-2013	438	33,018,952.19	1,858,435.46	1,283,964.39	0.69
2011-2012	446	30,958,118.69	1,541,396.80	2,410,913.00	1.56
2010-2011	501	21,661,518.92	1,453,641.52	1,517,820.84	1.04
2009-2010	574	33,352,632.88	1,793,088.60	2,654,096.74	1.48
2008-2009	504	30,332,865.07	1,445,680.16	1,620,386.29	1.12
2007-2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2003-2004	532	16,193,016.04	833,525.55	827,584.94	0.99
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
1998-1999	563	13,583,764.80	645,583.16	933,129.48	1.45
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
TOTAL		891,182,958.06	43,292,994.80	53,503,451.47	1.24

Since the program's implementation in 1969, for every dollar collected in premium **\$1.24** has been paid out in claims.

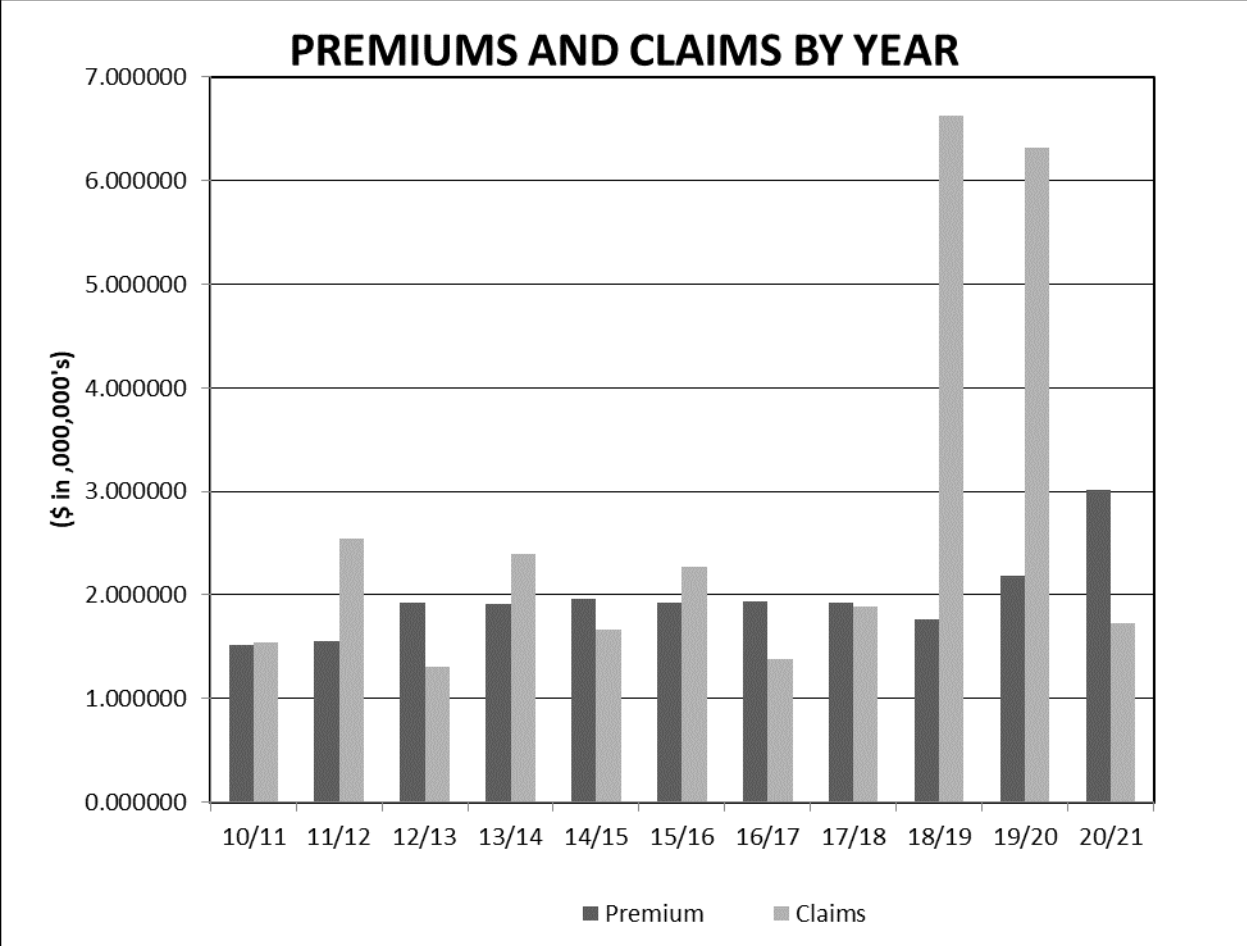


Fig. 5: Amount of crop premiums received and claims paid out annually (2010-2021)

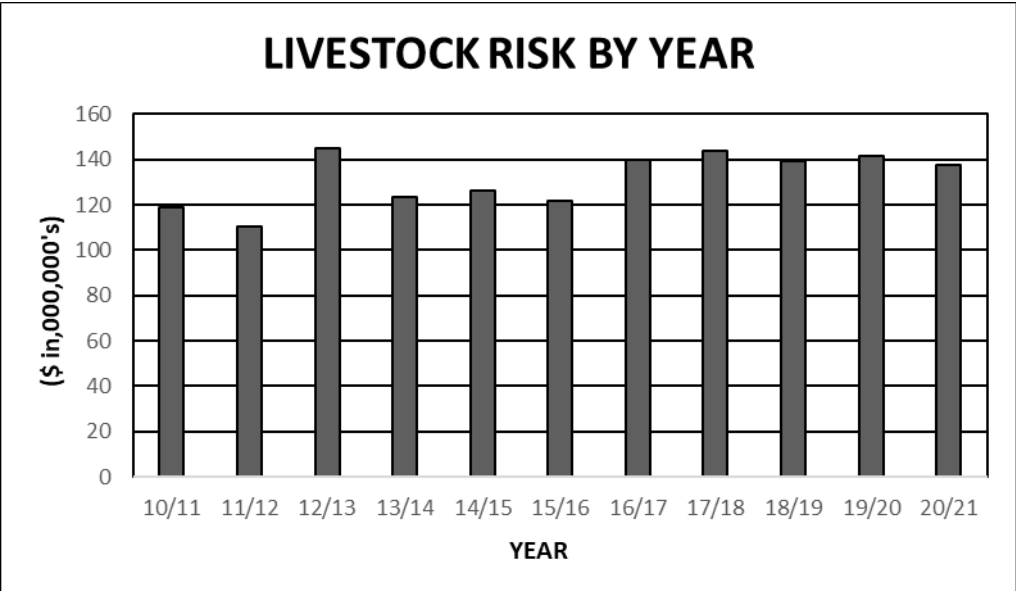


Fig 6: Value of livestock risk per year (2010-2021)

Table 4: Summary of dairy livestock insurance plan (April 1st, 1978-March 31st, 2021)

YEARS	NO. INSURED HERDS	INSURED ANIMALS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2020-2021	75	14,739	28,844.86	8,000.00	0.28
2019-2020	77	14,817	29,717.57	11,200.00	0.38
2018-2019	87	15,800	31,126.34	110,990.72	3.57
2017-2018	92	15,567	32,257.99	33,665.90	1.04
2016-2017	95	15,334	32,399.51	12,000.00	0.37
2015-2016	95	15,644	33,413.53	205,109.28	6.14
2014-2015	102	15,860	32,719.59	15,400.00	0.47
2013-2014	105	16,131	33,134.19	33,000.00	1.00
2012-2013	115	21,570	40,732.89	24,600.00	0.60
2011-2012	105	16,579	27,710.12	139,426.40	5.03
2010-2011	115	17,782	33,048.94	28,400.00	0.86
2009-2010	116	17,701	32,090.80	55,600.00	1.73
2008-2009	122	17,934	31,403.59	32,600.00	1.04
2007-2008	128	18,163	30,051.17	174,473.03	5.81
2006-2007	131	17,790	28,564.70	17,000.00	0.60
2005-2006	140	18,670	30,530.51	10,800.00	0.35
2004-2005	148	19,807	33,767.77	4,000.00	0.12
2003-2004	165	20,749	34,980.83	47,640.00	1.36
2002-2003	179	21,769	32,864.20	30,144.00	0.92
2001-2002	184	21,640	20,858.02	14,210.00	0.68
2000-2001	182	20,252	19,538.76	197,632.22	10.11
1999-2000	203	21,531	17,108.54	17,400.00	1.02
1998-1999	212	22,087	17,475.34	55,104.68	3.15
1997-1998	232	22,857	17,797.26	44,679.34	2.51
1996-1997	240	22,801	25,891.18	47,960.58	1.85
1995-1996	252	22,866	26,219.52	7,270.22	0.28
1994-1995	263	23,053	26,720.66	6,400.00	0.24
1993-1994	231	20,572	24,979.34	16,400.00	0.66
1992-1993	242	21,224	26,093.76	3,752.66	0.14
1991-1992	259	22,739	28,987.80	17,157.20	0.59
1990-1991	282	23,771	30,883.99	7,600.00	0.25
1989-1990	217	26,221	35,295.12	10,130.00	0.29
1988-1989	313	25,913	35,507.84	7,639.50	0.22
1987-1988	306	25,500	39,104.26	3,200.00	0.08
1986-1987	300	24,705	38,929.11	17,593.05	0.45
1985-1986	265	22,662	39,200.03	36,775.90	0.94
1984-1985	219	18,263	42,042.80	14,459.00	0.34
1983-1984	209	18,037	43,820.40	3,400.00	0.08
1982-1983	205	17,253	42,423.00	21,133.16	0.50
1981-1982	249	20,480	53,326.15	16,120.35	0.30
1980-1981	284	22,817	77,919.61	53,089.50	0.68
1979-1980	403	29,491	86,731.88	60,501.10	0.70
1978-1979	352	26,121	59,198.14	31,744.50	0.54
Totals			\$ 1,456,566.75	\$ 1,697,402.29	1.17

Since the program's implementation in 1978, for every dollar collected in premium \$1.17 has been paid out in claims.

Table 5: Summary of dairy livestock insurance claims (April 1st, 2020-March 31st, 2021)

Insurable Perils	No. Animals	Total Claims Paid (\$)
1. Shipping Fever	5	\$8,000.00
2. Reportable Diseases	0	0
3. Infectious Bovine Rhinotracheitis	0	0
4. Other	0	0
5. Loss of Income	0	\$0

Table 6: Claim summary re: dairy livestock insurance plan (April 1st, 1978-March 31st, 2021)

Insurable Perils	No. Animals	Total Claims Paid (\$)
1. Acute Mastitis*	108	104,291.40
2. Brucellosis	2	810.70
3. I B R	58	49,137.18
4. Loss Income	0	767,831.57
5. Other	14	16,200.00
6. Shipping Fever	637	767,131.44
Totals	819	

* This peril no longer covered.

Table 7: Summary of poultry livestock insurance plan (October 1st, 2007-March 31st, 2021)

Years	No. Insured Flocks	No. Insured Birds	Total Premium (\$)	Claims Paid	Loss Ratio
2020-2021	141	52,832,859	\$20,992.50	\$0.00	0.00
2019-2020	135	56,170,801	\$24,452.03	\$0.00	0.00
2018-2019	134	51,081,234	\$23,394.48	\$0.00	0.00
2017-2018	128	52,487,506	\$23,680.11	\$0.00	0.00
2016-2017	127	49,826,270	\$23,617.65	\$0.00	0.00
2015-2016	123	48,226,910	\$20,521.13	\$0.00	0.00
2014-2015	302	49,220,352	\$26,250.27	\$0.00	0.00
2013-2014	169	40,774,938	\$23,123.38	\$0.00	0.00
2012-2013	121	48,124,847	\$25,177.01	\$0.00	0.00
2011-2012	110	36,990,059	\$21,682.81	\$0.00	0.00
2010-2011	129	46,596,231	\$21,976.35	\$0.00	0.00
2009-2010	106	36,456,512	\$27,244.76	\$0.00	0.00
2008-2009	89	40,689,660	\$11,999.38	\$0.00	0.00
2007-2008	170	6,090,671	\$1,739.15	\$0.00	0.00
Total			\$295,851.00	\$0.00	0.00

Table 8: Summary of poultry livestock insurance plan (2007-08 to 2020-2021 poultry years inclusive)

PLAN	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler(CHK)	14	0	128,125.85	\$ 0.00	0.00
Comm. Pullet(PUL)	14	0	16,273.56	\$ 0.00	0.00
Broiler Breeder(BRB)	14	0	29,727.04	\$ 0.00	0.00
Breeder Pullet(BRP)	14	0	4,245.86	\$ 0.00	0.00
Comm. Layer(CLR)	14	0	113,651.53	\$ 0.00	0.00
Integrated Layer(ILR)	9	0	3,827.61	\$ 0.00	0.00
Total		0	295,851.45	\$ 0.00	0.00

Table 9: Summary of wildlife compensation (May 8th, 2008 to March 31st, 2021)

Year	No. Years	No. Commodities	No. Claims	Claims Paid
2020-2021	13	23	121	\$277,924.09
2019-2020	12	23	67	\$38,999.23
2018-2019	11	23	114	\$118,361.13
2017-2018	10	23	85	\$135,903.04
2016-2017	9	23	120	\$100,501.91
2015-2016	8	23	58	\$172,382.45
2014-2015	7	22	91	\$169,484.65
2013-2014	6	20	96	\$ 77,381.48
2012-2013	5	20	107	\$ 81,765.00
2011-2012	4	20	162	\$182,913.81
2010-2011	3	18	157	\$201,201.13
2009-2010	2	18	129	\$146,554.05
2008-2009	1	18	60	\$109,868.03
Total			1,367	\$1,813,240.00

Table 10: Summary of wildlife compensation (2008-2021 wildlife year inclusive)

COMMODITY	NO. YEARS	NO. CLAIMS	CLAIMS PAID
Bees	13	125	119,944.00
Bee Hive	13	146	62,946.39
Hive Contents	13	45	20,439.28
Beef Cow	13	9	6,400.00
Beef Calf	13	95	21,320.00
Beef Bull	13	0	0.00
Beef Steer	13	2	1,120.00
Lowbush Blueberries	13	85	163,309.23
Strawberries	13	30	407,159.73
Ewe	13	234	59,064.00
Lamb	13	289	67,123.00
Ram	13	22	5,044.00
Tree Endorsement	13	12	32,803.20
Apples	13	46	413,747.64
Vegetable	13	23	123,059.01
Corn Silage	13	96	130,126.38
Grain Corn	13	68	103,025.28
Soybean	13	22	43,622.79
Grapes	11	3	22,106.38
Kid	13	2	140.00
Doe	13	4	720.00
Buck	13	1	120.00
Pears	13	1	674.20
Winter Feed Wheat	13	4	7,705.49
Dairy Cow	13	1	1,200.00
Dairy Calf	13	2	320.00
Total		1367	\$1,813,240.00

2020-21 SUMMARY

The Commission wrote \$196.1 million in coverage in 2020-21. This represented a 2.5% increase in coverage over the previous year. Insurance coverage was broken down as 30% for crops, 13.4% for dairy and 56.9% for poultry. The total premium collected was \$3.014 million, which represented a 27% increase over the previous year. This increase was mainly a result of higher premium rates due to losses over the last two years and increased participation in the blueberries, vegetable, and grape plans.

The 2020 crop year started off with a relatively normal spring conditions allowing all insured crops to be planted before crop insurance planting deadlines. This was followed by very hot and dry conditions throughout the summer which negatively impacted most fruit crops, in particular, lowbush blueberries reported significant yield impacts caused by drought conditions. Tropical storm Teddy made landfall in Nova Scotia in late September causing some damage to the tree fruit crop in the Annapolis Valley.

The first widespread killing frost in the central area was recorded on September 20th.

In 2020, losses from insured perils resulted in 94 crop insurance payments totalling \$1.717 million. This represented a decrease of 73% over the previous two years which were, at that time, the highest indemnity payouts in the Commission's 50 year history. These indemnity payments continue to be an important Business Risk Management tool and assisted many producers with managing the natural risks they face on their farms. The largest indemnity payments were made in Blueberry (\$944,993), Tree Fruit (\$388,180), Acreage Loss (\$109,235), Soybean (\$65,727) and Grapes (\$63,095).

Diary livestock indemnity payments in 2020 totaled \$8,000. There were no indemnity payments made in the Poultry ILT Plan. In its 13th year of operation the Canada/Nova Scotia Wildlife Compensation Program made payments for 67 claims, totalling \$277,924. This was higher than payments made in the previous year and the highest compensation payments paid out over the past 13 years.

The Commission continued its developmental work aimed at expanding the insurance options available to Nova Scotia producers to assist them with managing risk on their farms. These included:

- The Commission continued consultation with industry stakeholders, reviewing its plans and regulations to meet the needs of its clients. Work continued on revisions to the Dairy Plan. Stakeholder discussions related to grape vine coverage and Hascap also continued.
- Full implementation of the tree fruit plan probable yield and premium rate methodology was completed in 2020 including stakeholder meetings and client information packages.

- The Commission began stakeholder meetings on the feasibility of a Maritime Livestock Price Insurance product modelled after the western livestock price insurance program.
- The Commission completed an actuarial certification of the discount surcharge methodology including updates to the premium rate methodology to implement for the 2021 crop year.
- Commission staff continued to work with industry stakeholders' groups in relation to the administration of the Canada Nova Scotia Wildlife Compensation program.

Administratively, the Commission focused on the following priorities:

- The Commission continued to focus internal resources on improving and updating its information technology infrastructure. Updates to the discount surcharge system and tree fruit underwriting to meet new actuarial certifications were completed.
- Commission staff initiated developmental work with the NS Digital Service Team to offer clients an online premium payment system for the 2021 crop year.
- The Commission continued to promote AgriInsurance to the agricultural industry through various media. There were no in person trade shows due to Covid-19 restrictions..
- In 2019-20, the Commission completed a full review and Actuarial Re-certification of its Tree Fruit probable yield methodology as required under the Act and the Canadian Agricultural Partnership Agreement. This resulted in a complete administrative overhaul of the underwriting for the tree fruit plan which was implemented in the winter of 2020 and was offered to growers for the 2020 crop season.
- Throughout the 2020-21 year, the Commission was able to seamlessly offer programming to crop and livestock insurance clients while following all Covid-19 public health requirements.

Table 11: Estimate-Actual 2020-21

	Estimate 20-21 (000)s	Actual 20-21 (000)s
Revenues		
Insurance Premiums Paid by Clients	823	1116
Insurance Premiums Contributed by Gov't (Federal)	736	1070
Wildlife Compensation Payments (Federal)	150	167
Insurance Premiums Contributed by Gov't (Provincial)	491	832
Wildlife Compensation Payments (Provincial)	100	111
Interest Income	5	23
Recoveries	0	0
Total Revenues	2305	3319
Expenses		
Indemnity Claims	2500	1725
Wildlife Compensation Payments	250	278
Reinsurance Premiums	0	0
Bad Debt Expense	5	0
Recoveries	0	0
Total Expenses	2755	2003
Net Income From Insurance Activities	(450)	1316
ReInsurance/Grants		
Federal	0	0
Provincial	0	0
Net Income From All Activities	(450)	1316
Crop and Livestock Insurance Fund Balance		
Beginning of Year	4247	4247
End of Year	3797	5563
Administrative Expenses		
Government Contributions (Canada)	618	558
Government Contributions (Nova Scotia)	447	373
Total Administrative Expenses	1065	931
Net Govt Expenditure		
Canada (Premium + Administration)	1504	1795
Nova Scotia (Premium + Administration)	1038	1316
Total Program Expenditure	2542	3111

PERFORMANCE MEASURES

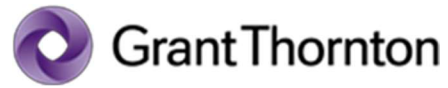
The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products to the agriculture sector. As one of the pillars of Canada's Agricultural Finance system, crop insurance plays a key role in stabilizing business incomes by providing opportunities to manage or transfer risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes, and by doing so, support the economic growth of the province.

Table 12: Core Business Area: Delivery of Insurance Products for Production Agriculture

	Measure	DATA Base Year (2008-09)	Target - 2020-21	GF2 Ultimate Target (2020-21)	CAP ULTIMATE TARGET (2022-23)	Trends	Actual As of March 31/21
1.	Number of Agri-Insurance Contracts	700	670	900	800	2014-15 = 832 2015-16 = 653 2016-17 = 666 2017-18 = 605 2018-19 = 559 2019-20 = 564	590
2.	\$ Value of Coverage	\$127.8M	\$180M	\$180M	\$200M	2014-15 = \$168.2M 2015-16 = \$164.1M 2016-17 = \$186M 2017-18 = \$191M 2018-19 = \$187.5M 2019-20 = \$191.4M	\$196.1M
3.	Number of Agri-Insurance Products Available	36	68	55	75	2014-15 = 47 2015-16 = 50 2016-17 = 66 2017-18 = 66 2018-19 = 66 2019-20 = 67	67
4.	Value of Compensation Paid for Wildlife Damage	\$110,000	\$200,000	\$250,000	\$250,000	2014-15 = \$169,984 2015-16 = \$172,382 2016-17 = \$100,502 2017-18 = \$135,903 2018-19 = \$118,361 2019-20 = \$38,999	\$277,924
5.	Ratio of Insured Production to Total Value of All Products Eligible for Insurance in NS (Excludes Livestock)	25.25%	25%	50%	50%	2014-15 = 19.71% 2015-16 = 21.08% 2016-17 = 21.92% 2017-18 = 23.10% 2018-19 = 29.89% 2019-20 = N/A	N/A
6.	Ratio of Agricultural Products Eligible for Insurance to Value of all Agricultural Products in NS (Excludes Livestock)	57.78%	60%	75%	85%	2014-15 = 92.10% 2015-16 = 97.05% 2016-17 = 93.78% 2017-18 = 93.61% 2018-19 = 93.05% 2019-20 = N/A	N/A

PERFORMANCE MEASURE OBSERVATIONS (From Table 12)

1. This measure increased by 4.5% over the previous year slowing a trend of reduced participation over the last several years. Dairy Livestock continues to have a lower participation trend due primarily to consolidation within the industry.
2. The measure was 2.5% higher than the previous year primarily due to increased coverage in almost all crop plans. This increase was primarily the result of higher prices and premiums.
3. The crops covered under the AgriInsurance program in 2020-21 remained steady at 67.
4. Most recent results show an over 600% increase compared to the record low previous year to a record high in 2020-21. This trend indicates increased pressure on crops and livestock from wildlife during the 2020-21 crop year.
5. This measure is an indicator of the uptake by producers of crop insurance programs offered by AgriInsurance in Nova Scotia. The measure was updated to reflect the most recent census of agriculture statistics (2018). While lower than targeted, this measure indicates consistent improvement in uptake of crop insurance programs by the industry in Nova Scotia.
6. This measure is an indication of the portion of the Agriculture industry in Nova Scotia which is being offered AgriInsurance. The measure was updated to reflect the most recent census of agriculture statistics (2018). This measure showed consistent coverage of the portion of the Nova Scotia Agricultural Sector that is being offered products under crop insurance surpassing the targets set at the beginning of the CAP Program.



Financial Statements

Nova Scotia Crop and Livestock Insurance Commission

March 31, 2021

Contents

	Page
Management's responsibility for financial reporting	1
Independent auditor's report	2-3
Statement of financial position	4
Statement of operations and changes in fund balances	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to the financial statements	8-14
Schedule A: Schedule of premium revenue and indemnity claims	15
Schedule B: Schedule of expenses	16

Management's Responsibility for the Financial Statements

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Members of the Commission are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercised these responsibilities through the Commission and its Audit Committee. Members of the Commission review and approve internal financial statements, on a monthly basis, and external audited financial statements yearly.

The external auditor, Grant Thornton, conducts an independent examination, in accordance with Canadian auditing standards, to express their opinion on the financial statements. The external auditors have full and free access to financial management of the Nova Scotia Crop and Livestock Insurance Commission and meet when required.

On behalf of the Nova Scotia Crop and Livestock Insurance Commission;



Rachael Cheverie
Vice Chair



Bill MacLeod, P.Ag.
CEO

May 27, 2021

Independent auditor's report

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To the Members of Nova Scotia Crop and Livestock Insurance Commission

Opinion

We have audited the accompanying financial statements of the Nova Scotia Crop and Livestock Insurance Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2021, the statement of operations and changes in fund balances, statement of changes in net financial assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2021, and the results of operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules included on Pages 15-16 have been presented for the purposes of additional information and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Truro, Canada
May 27, 2021

Chartered Professional Accountants

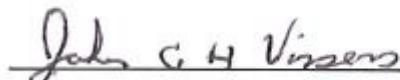
STATEMENT OF FINANCIAL POSITION

	2021	2020
Financial Assets		
Cash	\$ 283,941	\$ 2,291,682
Investments (Note 3)	5,150,653	632,208
Trade Receivable (Note 4)	691,019	1,366,276
Accrued interest receivable	<u>-</u>	<u>1,451</u>
	<u>6,125,613</u>	<u>4,291,617</u>
Liabilities		
Deferred revenue	560,667	37,926
Deposits for insurance	<u>1,957</u>	<u>10,133</u>
	<u>562,624</u>	<u>48,059</u>
Net Financial Assets (Page 6)	<u>5,562,989</u>	<u>4,243,558</u>
Non-Financial Assets		
Tangible capital assets (Note 6)	<u>-</u>	<u>3,555</u>
Fund Balances	<u>\$ 5,562,989</u>	<u>\$ 4,247,113</u>

On Behalf of the Commission



Member



Member

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

	Budget	Funds			Total 2021	Total 2020
		Crop	Livestock	General		
Revenue						
Insurance premiums (Schedule A)	\$ 2,300,000	\$ 2,967,286	\$ 51,359	\$ 277,924	\$ 3,296,569	\$ 2,234,413
Interest income	5,000	19,031	3,457	-	22,488	72,559
Provincial Grant (Note 8)	-	-	-	-	-	3,303,074
	<u>2,305,000</u>	<u>2,986,317</u>	<u>54,816</u>	<u>277,924</u>	<u>3,319,057</u>	<u>5,610,046</u>
Expenses						
Indemnity claims (Schedule A)	2,750,000	1,716,638	8,000	277,924	2,002,562	6,359,788
Bad debt recovery	5,000	(2,936)	-	-	(2,936)	(49)
Administrative expenses (Note 10) (Schedule B)	1,065,000	895,023	18,610	16,914	930,547	1,018,008
Amortization expense	-	3,555	-	-	3,555	3,555
	<u>3,820,000</u>	<u>2,612,280</u>	<u>26,610</u>	<u>294,838</u>	<u>2,933,728</u>	<u>7,381,302</u>
Surplus (deficit) before government contributions	(1,515,000)	374,037	28,206	(16,914)	385,329	(1,771,256)
Government contributions (Note 8)	<u>1,065,000</u>	<u>895,023</u>	<u>18,610</u>	<u>16,914</u>	<u>930,547</u>	<u>1,018,008</u>
Net operating surplus (deficit)	(450,000)	1,269,060	46,816	-	1,315,876	(753,248)
Fund balances, beginning of year	<u>\$ 4,247,000</u>	<u>3,173,163</u>	<u>1,073,950</u>	<u>-</u>	<u>4,247,113</u>	<u>5,000,361</u>
Fund balances, end of year (Note 7)	<u>\$ 3,797,000</u>	<u>\$ 4,442,223</u>	<u>\$ 1,120,766</u>	<u>\$ -</u>	<u>\$ 5,562,989</u>	<u>\$ 4,247,113</u>

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	Budget	2021	2020
Net Financial Assets, beginning of year	<u>\$ 4,247,000</u>	<u>\$ 4,243,558</u>	<u>\$ 4,993,251</u>
Changes in the year			
Net operating surplus (deficit)	\$ (450,000)	1,315,876	(753,248)
Amortization	<u>-</u>	<u>3,555</u>	<u>3,555</u>
Total changes in the year	<u>(450,000)</u>	<u>1,319,431</u>	<u>(749,693)</u>
Net Financial Assets, end of year	<u>\$ 3,797,000</u>	<u>\$ 5,562,989</u>	<u>\$ 4,243,558</u>

The Commission does not budget for certain non-cash items such as amortization.

The accompanying notes and schedules are an integral part of these financial statements

STATEMENT OF CASH FLOWS

	2021	2020
Operating Activities		
Net operating surplus (deficit)	\$ 1,315,876	\$ (753,248)
Amortization of tangible capital assets	3,555	3,555
Net change in non-cash working capital balances related to operations (Note 11)	1,191,273	2,814,324
Change in accrued interest on investments	<u>(18,445)</u>	<u>(13,532)</u>
Cash provided by operating activities	<u>2,492,259</u>	<u>2,051,099</u>
 Investing Activities		
Acquisition of investments	<u>(4,500,000)</u>	-
Cash (used in) investing activities	<u>(4,500,000)</u>	-
(Decrease) increase in cash during year	(2,007,741)	2,051,099
Cash, beginning of year	<u>2,291,682</u>	<u>240,583</u>
Cash, end of year	<u>\$ 283,941</u>	<u>\$ 2,291,682</u>

The accompanying notes and schedules are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 3(1) of the Nova Scotia Crop and Livestock Insurance Act (Act). Section 8(1) of the Act establishes Funds which are in the custody and control of the Commission to be used to administer crop and livestock insurance plans, as well as wildlife compensation, and conduct programs relating to these plans.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

These financial statements are prepared using the following significant accounting policies:

Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets estimated useful life, which for office furniture and equipment is five years and for computer hardware and software is two years. The Commission expenses tangible capital assets under \$1,500.

Revenue

Revenue is recorded on an accrual basis. The main components of revenue are insurance premiums, interest income, and government grants for insurance premiums and administrative expenses. Insurance premium revenue is recognized when certificates for insurance are issued. Premium revenue relating to coverage subsequent to year end is deferred. Government grants for insurance premiums and administrative expenses are recognized as revenue in the period during which the grants are authorized and eligibility criteria are met, except when and to the extent the transfer includes stipulations that give rise to an obligation that meets the definition of a liability. The Commission receives contributions from the Province of Nova Scotia for the purchase of assets, which is recognized in revenue upon acquisition.

Indemnity claims

Expenses for indemnity claims are recorded when the loss incurred by the producer is verified and authorized.

Financial Instruments

The Commission's financial instruments consist of investments in promissory notes, accounts receivable, deferred revenue, cash and deposits for insurance. The Commission measures its financial instruments at cost or amortized cost, with the exception of its investment in promissory notes, which are initially, and subsequently, measured at fair value.

Budget Figures

The budget figures contained in these financial statements were approved by the Province in its original fiscal plan. The budgeted figures presented are consistent with Public Sector Accounting Standards ("PSAS").

Use of Estimates and measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Key estimates for the Commission include the allowance for doubtful accounts. Any Provincial write off affecting the allowance for doubtful accounts may impact the fund surplus in future years.

NOTES TO THE FINANCIAL STATEMENTS

3. Investments

The Commission invests with the Province excess funds to be used to pay future indemnity claims. At March 31, 2021, these funds were invested in various promissory notes maturing in 2021, 2022 and 2023 with annual yields ranging from 0.23% to 2.18%.

Investments as of March 31

Date issued	Maturity date	Term (# of days)	Interest rate	2021		2020	
				Total including accrued interest	Total including accrued interest	Total including accrued interest	Total including accrued interest
Oct 27, 2017	Oct 27, 2022	1826	2.18%	\$ 645,957	\$ 632,208		
Aug 21, 2020	Aug 20, 2021	364	0.23%	1,001,399	-		
Aug 21, 2020	Aug 20, 2021	364	0.23%	1,001,399	-		
Aug 21, 2020	Aug 21, 2021	364	0.23%	1,001,399	-		
Mar 5, 2021	Mar 7, 2023	733	0.45%	1,500,499	-		
				\$ 5,150,653	\$ 632,208		

4. Trade Receivables

	Current	Past due 31 - 90 days	Past due > 90 days	Total 2021	Total 2020
Province of Nova Scotia	\$530,199	\$ -	\$ -	\$530,199	\$1,233,720
Federal Government	\$10,250	\$3,923	\$143,312	\$157,485	\$141,149
Producer	\$3,335	\$ -	\$ -	\$3,335	\$17,227
	\$543,784	\$3,923	\$143,312	\$691,019	\$1,392,096
Allowance for doubtful accounts	\$ -	\$ -	\$ -	\$ -	\$25,820
	\$543,784	\$3,923	\$143,312	\$691,019	\$1,366,276

5. Deferred Revenue

Deferred revenue of the Commission consists of prepaid deposits for premiums that have been paid during 2020-21, which relate to 2021-22 insurance coverage. Included in this balance are refundable deposits on premiums paid by insured clients of \$38,592 (2020 - \$37,926). Included in deferred revenue for the year-ended March 31, 2021 is an additional \$522,075 (2020 - \$Nil) of funds received from the Province of Nova Scotia to cover expected provincial premium increases for 2021-22 and is based on premium rate increases approved by the Commission prior to year-end.

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible capital assets

	2021	2020
Cost of Equipment		
Opening cost	\$ 26,066	\$ 39,955
Additions	-	-
Disposals	<u>-</u>	<u>(13,889)</u>
Closing cost	<u>26,066</u>	<u>26,066</u>
Accumulated amortization		
Opening balance	22,511	32,845
Disposals	-	(13,889)
Amortization expense	<u>3,555</u>	<u>3,555</u>
Closing balance	<u>26,066</u>	<u>22,511</u>
Net book value	<u>\$ -</u>	<u>\$ 3,555</u>

7. Fund Balances

The Commission uses the terminology “Fund Balance” which differs from the PSAB standard terminology “Accumulated Surplus” as it is considered more appropriate for users of these financial statements.

The Livestock Fund balance consists of dairy livestock insurance of \$822,641 (2020 - \$797,772) and poultry insurance of \$298,125 (2020 - \$276,178). A claim for indemnity under either the Dairy Livestock Insurance Plan or the Poultry Insurance Plan is limited to the extent of the assets in the Livestock Insurance Fund balance held by the Commission.

The general fund includes the wildlife compensations program.

8. Government contributions

Insurance premiums

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. For the crop year 2020-21 the Province of Nova Scotia contributed an additional 10% (\$118,428) to the producers share of the premiums. If an insurance premium contains a high-cost portion, the Federal and Provincial governments pay a reduced proportion of the high-cost portion of the insurance premium. The proportion of the insurance premium that is high-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance programs or in non-refundable deposits.

Administrative expenses

The financial statements include the total cost of administrative expenses which are initially paid by the Provincial government, and then subsequently reimbursed by the Federal government for their contribution. For the 2020-21 fiscal year, the Federal government contributed 60%, (2020 - 60%) of the total administrative expenses for the crop insurance program, with the Provincial government funding the remainder. The Provincial government funds all the administrative costs of the livestock and poultry insurance programs.

8. Government contributions (continued)

Capital Assets

Capital assets are cost-shared, (60% Federal Government, 40% Provincial Government) administrative expenses. The Commission expenses capital assets under \$1,500 and capitalizes those over \$1,500.

Wildlife program

The compensation payments and administrative expenses of the wildlife compensation program are funded 60% by the Federal government and 40% by the Provincial government.

Additional Provincial Allocations

There was no additional provincial allocation in 2021 (2020 - \$3,303,074).

9. Indemnity claims

Winter Grain

Winter Grain is planted in the fall, but not harvested until the following fall. Crop yields can fluctuate dramatically depending on factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to the crop planted in the current year, if any, have not been incurred until well after the fiscal year end. Indemnity expenses for Winter Grain and related payables will be recorded in the year that the loss of yield, if any, is incurred.

Maple Syrup

In certain cases, indemnity expenses for Maple Syrup production losses related to premiums collected in the current fiscal year will not be incurred until after year end. Maple Syrup yields will fluctuate based on weather conditions. Indemnity expenses and related payables for Maple Syrup will be recorded in the year that the loss of yield, if any, is incurred.

10. Administrative expenses

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife compensation program are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock and poultry plans, and wildlife compensation program, are allocated to the crop insurance plan.

NOTES TO THE FINANCIAL STATEMENTS

11. Net change in non-cash working capital balances related to operations

	2021	2020
Increase (decrease) in cash from changes in:		
Receivables	\$ 675,257	\$ 2,803,301
Accrued interest receivable	1,451	42
Deferred revenue	522,741	4,278
Deposits for insurance	<u>(8,176)</u>	<u>6,703</u>
	<u>\$ 1,191,273</u>	<u>\$ 2,814,324</u>

12. Financial instruments

The Commission is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Commission has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Commission does not have a significant exposure to any individual client. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks.

There have been no changes compared to previous years with respect to the exposures to risk and how they arise, the Commission's objectives, policies, and processes for managing the risks and the methods used to measure the risks.

13. Related party transactions

The Commission is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. The Commission enters into transactions with these entities in the normal course of business measured at the exchange amount. Related parties also include key management personnel having the authority and responsibility for planning, directing, and controlling the activities of the Commission. This includes Senior Executives, and members of the Commission and their close family members. The following disclosure is in addition to the related party disclosure provided elsewhere in these financial statements.

Administrative expenses include \$30,000 (2020 - \$30,000) for rent and \$44,240 (2020 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and the Department of Finance and Treasury Board respectively.

14. Economic dependence

The Commission is economically dependent upon the ongoing and future funding from the Province of Nova Scotia and the Government of Canada.

15. Insurance coverage

The Commission's insurance coverage is based on actuarially sound premium rate methodologies as required by its Act and the Canadian Agricultural Partnership (CAP) cost sharing agreement. All premium rates include a self-sustainability factor to ensure premiums calculated are adequate to cover expected liabilities.

The total insurance coverage issued during the 2020-21 fiscal year was \$196,136,554 (2020 - \$191,469,696), comprised of crop insurance of \$58,783,882 (2020 - \$50,056,153), livestock insurance of \$26,359,562 (2020 - \$28,950,621) and poultry insurance of \$110,993,110 (2020 - \$112,462,922). This represents the maximum potential exposure of the Commission for all certificates issued under its insurance plans and is provided for information purposes.

16. Pension and post-retirement benefits

All full-time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability or other obligations related to the pension. The pension expense incurred in the current year was \$50,580 (2020 - \$52,247).

Employees of the Commission participate in the Public Service Superannuation Fund (The "Plan"), a contributory defined benefit pension plan which provides pension benefits based on length of service and earnings. Full time employees are eligible to receive a long service award as well as ongoing health and dental benefits upon retirement, as outlined in the collective agreement. Payments for this award, and these benefits, are the responsibility of the Province. The Commission is not responsible for any unfunded liability, payments, expenses, or other obligations related to these benefits.

17. Public Sector Compensation Disclosure Act

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Commission or in a statement prepared for the purposes of the Act and certified by its auditors. The Commission has chosen to disclose this required information as part of its audited financial statements.

For the year ended March 31, 2021, the following employees received compensation of \$100,000 or more:

Bill MacLeod, CEO, \$104,977

18. Impact of Covid-19

Since December of 2019, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

18. Impact of Covid-19 (continued)

To date the financial impact on the Nova Scotia Crop and Livestock Insurance Commission has been minimal. The Commission has followed provincial health recommendations and has continued operations throughout the pandemic. The duration and impact of the Covid-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Commission for future periods.

PREMIUM REVENUE AND INDEMNITY CLAIMS

SCHEDULE A

	Premium Revenue			Total Premium		Indemnity Claims	
	Producer	Federal	Provincial	2021	2020	2021	2020
Crop Insurance							
Spring Grain	\$ 12,180	\$ 9,757	\$ 7,858	\$ 29,795	\$ 41,289	\$ 25,326	\$ 24,928
Winter Grain	10,320	8,782	7,102	26,204	17,624	12,844	20,802
Tree Fruit	603,104	622,553	482,046	1,707,703	1,287,468	388,180	3,689,304
Corn	80,409	80,414	62,544	223,367	141,054	28,245	949,849
Weather Derivative	32,839	32,840	25,542	91,221	97,725	8,629	-
Blueberries	184,302	178,908	139,751	502,961	275,786	944,993	1,213,916
Strawberries & Raspberries	161	160	125	446	14,106	-	3,592
Maple	11,789	11,687	9,101	32,577	24,718	37,851	-
Forage	787	784	607	2,178	2,268	-	-
Soybeans	22,095	22,087	17,179	61,361	46,738	65,727	173,091
Vegetables	7,307	7,306	5,683	20,296	15,722	32,513	4,610
Acreage Loss	65,647	65,567	51,005	182,219	102,559	109,235	178,309
Grapes	28,102	24,617	19,534	72,253	64,917	63,095	51,188
Potato	<u>5,933</u>	<u>4,868</u>	<u>3,904</u>	<u>14,705</u>	<u>7,901</u>	<u>-</u>	<u>-</u>
	<u>1,064,975</u>	<u>1,070,330</u>	<u>831,981</u>	<u>2,967,286</u>	<u>2,139,875</u>	<u>1,716,638</u>	<u>6,309,589</u>
Livestock Insurance							
Livestock	29,604	-	-	29,604	30,695	8,000	11,200
Poultry	<u>21,755</u>	<u>-</u>	<u>-</u>	<u>21,755</u>	<u>24,844</u>	<u>-</u>	<u>-</u>
	<u>51,359</u>	<u>-</u>	<u>-</u>	<u>51,359</u>	<u>55,539</u>	<u>8,000</u>	<u>11,200</u>
Wildlife Compensation	<u>-</u>	<u>166,754</u>	<u>111,170</u>	<u>277,924</u>	<u>38,999</u>	<u>277,924</u>	<u>38,999</u>
Total	<u>\$ 1,116,334</u>	<u>\$ 1,237,084</u>	<u>\$ 943,151</u>	<u>\$3,296,569</u>	<u>\$2,234,413</u>	<u>\$2,002,562</u>	<u>\$ 6,359,788</u>

EXPENSES

SCHEDULE B

	Insurance			Totals	
	Crop	Livestock	Wildlife/General	2021	2020
Operations – Insurance Processing	\$ 85,011	\$ 1,794	\$ 2,909	\$ 89,714	\$ 99,601
Operations - Adjusting	165,035	3,440	3,505	171,980	185,249
Audit (Field)	143,531	2,988	2,884	149,403	160,407
Policy Administration	77,788	1,614	1,284	80,686	95,824
Finance	99,514	2,054	1,132	102,700	102,805
Research, Development/Underwriting	136,296	2,820	1,904	141,020	186,188
Program Sales and Promotion	4,955	105	202	5,262	6,904
Human Resources	50,800	1,052	764	52,616	52,305
Systems Maintenance and Support	102,989	2,141	1,936	107,066	98,616
Accommodations	<u>29,104</u>	<u>602</u>	<u>394</u>	<u>30,100</u>	<u>30,109</u>
Total Expenses funded by Government (Note 10)	<u>895,023</u>	<u>18,610</u>	<u>16,914</u>	<u>930,547</u>	<u>1,018,008</u>
Indemnity claims – Schedule A	1,716,638	8,000	277,924	2,002,562	6,359,788
Bad debts	(2,936)	-	-	(2,936)	(49)
Amortization	<u>3,555</u>	<u>-</u>	<u>-</u>	<u>3,555</u>	<u>3,555</u>
	<u>1,717,257</u>	<u>8,000</u>	<u>277,924</u>	<u>2,003,181</u>	<u>6,363,294</u>
TOTAL EXPENSES	<u>\$ 2,612,280</u>	<u>\$ 26,610</u>	<u>\$ 294,838</u>	<u>\$ 2,933,728</u>	<u>\$ 7,381,302</u>